Revista **Terra**

A VOZ DO SECTOR AGRO-AMBIENTAL

Why Agriculture Remains Off Banks' Radar

EXCLUSIVE INTERVIEW

Frequency: **Monthly** | **Issue 20** | Year **IV** -**January 2026** | Director: **William Mapote** | www.revistaterra.co.mz |

THE DRAMA REPEATS

- Torrential rains since December have laid bare the country's exposure to extreme weather.

- Even as the season continues, destruction leaves a trail of tears and trauma.

content

JANEIRO

D	S	T	Q	Q	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Revista Terra
A VOZ DO SECTOR AGRO-AMBIENTAL

www.revistaterra.co.mz
redaccao@revistaterra.co.mz
@revistaterramz
@revistaterra

Masthead

Publisher
Terra Media Lda - Sociedade Unipessoal

Publisher details:

Revista Terra
Rua da Resistencia n.º 1642, 3º Andar, Porta M
Telef.: +258842399758, +258847322282 e +258821233910

Email: redaccao@revistaterra.co.mz

Registo sob n.º 122/GABINFO/DEPC/210/2022

Editor-in-chief
William F. Mapote

Editorial team:
William Mapote
Julio Armindo F.
Guilherme FM
Bendito Nascimento

Contributors:
Nordino Gabriel (Cabo Delgado)
Afonso Brandão
Luca Bussotti

Linguistic Reviser:
AR&Servicos SU

Art director / Design:
Rui Baltazar
Samuel Maribate

Administration:
Narciso F. Mapote
administracao@revistaterra.co.mz

Commercial Department:
Filimão A. Cumbane
comercial@revistaterra.co.mz

Webdesign & Online:
Rui Baltazar

website: www.revistaterra.co.mz

Twitter: @revistaterramz

Editorial

Warnings without preparedness

Mozambique is once again facing widespread flooding with severe impacts on lives, infrastructure and livelihoods.
The scenario has become alarmingly familiar. The difference this time is that information is not lacking.
National meteorological services have been playing a crucial role: they monitor, forecast and issue timely warnings about heavy rainfall, imminent flooding and associated risks.
Science is doing its part. The problem arises when these alerts fail to translate into timely and effective action.
Year after year, contingency plans reveal weaknesses in execution.
Delays in evacuations persist, critical infrastructure remains insufficiently protected, the pre-positioning of resources falls short, and coordination tends to be reactive rather than preventive.
The result is a country that is informed but poorly prepared — a costly paradox measured in human, agricultural and economic losses.
Timely information only saves lives when it is operationalised with discipline, leadership and resources on the ground.
International experience shows that better outcomes are possible. Bangladesh, for example, has transformed early warning systems into rapid, decentralised decision-making by investing in community education, resilient shelters and clear chains of command. It has not eliminated climate risks, but it has drastically reduced losses.
The lesson is simple: preparedness is not an annual document; it is a living system that trains, tests and acts before crisis strikes.
As floodwaters rise once again, let this be the moment to close the gap between forecasting and prevention.
The information exists. What remains is to convert it into effective preparedness — the only response capable of minimising damage in a country increasingly exposed to climate extremes.

William Mapote

E-mail: editor@revistaterra.co.mz

SEVERE RAINS, LIVES ADRIFT

Every year, the rains return with roughly the same intensity — and so does the human drama.
Rivers overflow, land collapses, homes disappear under water, and thousands of people are forced to abandon what little they have built over a lifetime.

What should signal fertility once again turns into a threat.

This photo report explores regions trapped in a recurring cycle: destruction, displacement, and waiting.

The images capture the environmental impact of the severe rainy season and its human consequences, in a context where community vulnerability intersects with ecosystem degradation and fragile infrastructure.

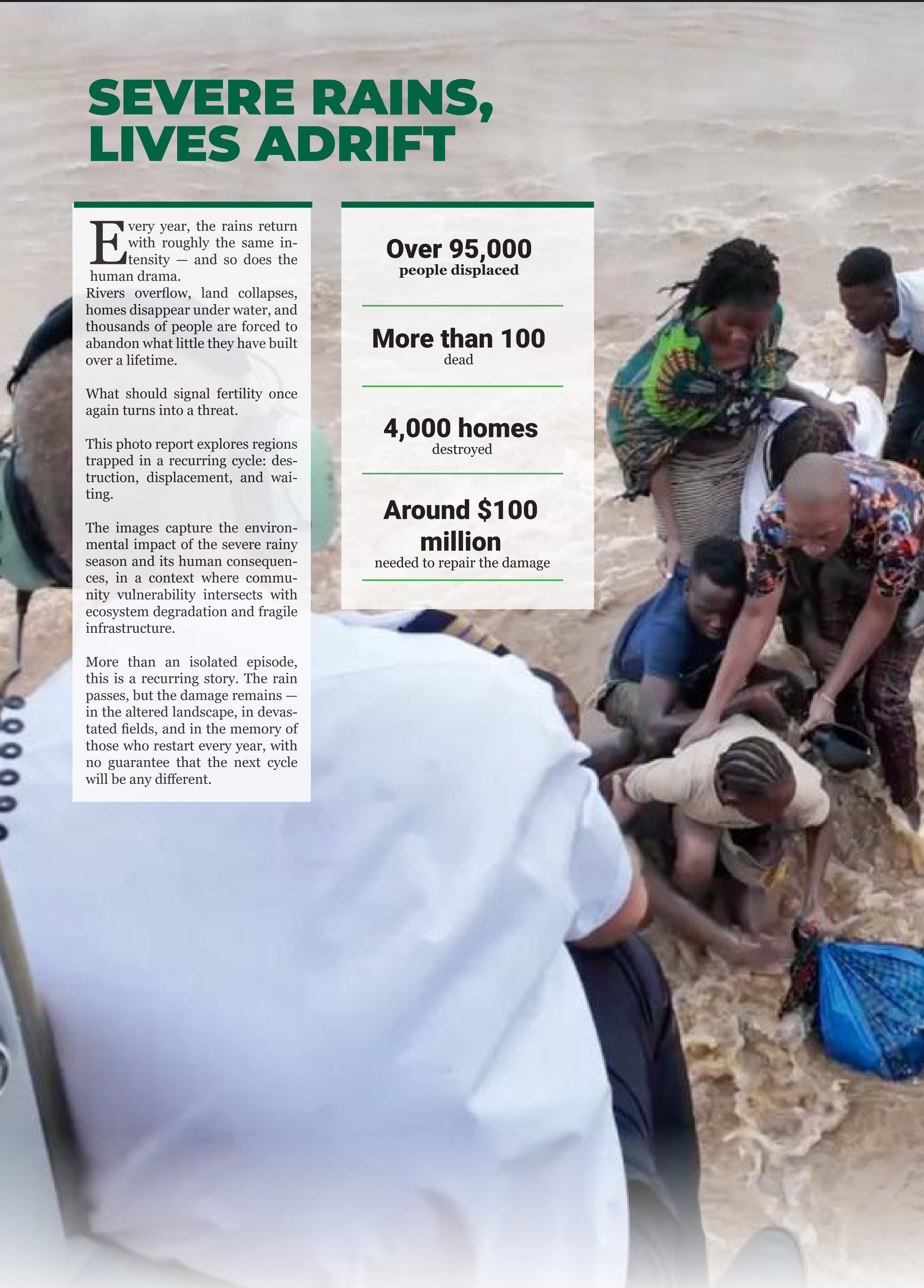
More than an isolated episode, this is a recurring story. The rain passes, but the damage remains — in the altered landscape, in devastated fields, and in the memory of those who restart every year, with no guarantee that the next cycle will be any different.

Over 95,000
people displaced

More than 100
dead

4,000 homes
destroyed

Around $100 million
needed to repair the damage



"Effort Washed Away"

Faced with the new wave of destruction caused by the rains, President of the Republic Daniel Chapo issued a message of concern.

At the end of his working visit to the United Arab Emirates, Chapo lamented that the rains are once again severely affecting the country.

"We are losing economic and social infrastructure across the country, especially roads. We have made tremendous efforts to restore access routes, but when the rains come, the worst enemies of roads are water and weight, and water inevitably ends up destroying our roads, bridges, aqueducts and, above all, the homes of our people, schools and health centres."

Chapo expressed concern that the new wave of rainfall is systematically undoing the Government's efforts.

"All the effort made by the Government ends up being washed away, and whenever resources become available we find ourselves almost rebuilding the same infrastructure," he lamented.

First agricultural season with "flooded" targets

- Heavy rains have already affected at least 2% of the country's planted agricultural area

More than 200,000 hectares of crops have been affected by flooding caused by intense rainfall since December in central and southern Mozambique.
According to an assessment by the National Institute for Disaster Risk Management and Reduction (INGD), flooding in the agricultural sector has so far affected approximately 232,000 hectares, disrupting the livelihoods of over 174,000 farmers and resulting in the death of more than 74,000 head of livestock.
The province of Gaza is currently the worst affected by the ongoing floods, having recorded agricultural losses estimated at nearly 19% of the total planted area.
Preliminary data from official sources, based on assessments still underway, indicate that 110,472 hectares of agricultural land are currently inundated, leading to an estimated loss of 75,921 hectares of crops. To date, the situation has affected 85,390 households, particularly in the province's main agricultural districts.
Data accessed by this publication show that, in the current agricultural campaign, Gaza planned 525,985 hectares for the first season, of which 426,513 hectares were ploughed and 403,790 hectares were effectively planted. The area of crops lost therefore represents around 18.8% of the planted area, meaning that nearly one in every five cultivated hectares has been destroyed by flooding.
The most severe impacts havebeen recorded in the districts of Chókwè and Limpopo, which account for the largest flooded areas, with 39,553 hectares and 22,761 hectares, respectively. They are followed by Massingir (13,548 ha), Chibuto (10,905 ha), Mapai (9,700 ha) and Chigubo (5,615 ha), reflecting the high exposure of riverine zones and the province's main agricultural valleys.
In addition to flooding, the provincial assessment also reports damage caused by wildlife, affecting approximately 678 hectares, as well as isolated cases of pests and crop diseases, although these remain significantly lower than the losses caused by floods.
Provincial authorities stress that the figures presented are preliminary and based on ongoing field assessments, and may be updated as the data collection process continues.

MAAP defines response to the crisis

The Ministry of Agriculture, Environment and Fisheries (MAAP) has defined a national strategy to ensure satisfactory production levels in the 2025/26 Agricultural Campaign, in response to floods that have affected vast agricultural areas of the country since last December.

According to an official source, the government's response guidelines, presented during the Second Monitoring and Evaluation Meeting of the current Agricultural Campaign, state that:

"In the immediate term, the focus will be on strengthening late planting, mobilising producers who still have seeds and preparing provincial structures to allow the resumption of sowing as soon as water levels recede — a process expected to continue until mid-February."

"This approach is based on the principle that floods, although severe, require a productive adjustment response rather than an interruption of the campaign," the source added.

"This approach is based on the principle that although severe, floods require a productive adjustment response rather than an interruption of the campaign," the source added.

At the same time, MAAP has already begun preparing for the second agricultural season, which is expected to account for around 40 percent of production relative to the first season.

"This phase will focus on crops such as rice and maize, beans, horticultural crops (tomato, onion, garlic and cabbage), as well as cassava and sweet potato," the source explained.

In Search of Resources

To enable recovery, MAAP plans to mobilise internal and external financial resources aimed at creating a support fund for producers and agro-dealers, intended for the purchase and regular supply of agricultural inputs, including financing lines prioritised for these groups.

"The strategy also includes strengthening technical assistance and field monitoring through agricultural extension services, as well as disseminating no-till direct planting technology during the second season, in order to make better use of soil moisture and nutrients," the source said.

Full utilisation of irrigation schemes and low-lying areas, combined with strengthened phytosanitary surveillance, completes the package of measures through which the Government aims to mitigate the impacts of flooding, recover productive areas, and safeguard the country's food and nutritional security.

Rice cultivation brings hope to farmers in Mafambisse

Mafambisse farmers shares clear ambition: to move beyond subsistence farming and transition toward a mechanised prodoction.

In Mafambisse, an administrative post in Dondo District, Sofala Province, farmers are rolling up their sleeves in the hope of placing the region among the country's leading rice-producing areas.
The Mafambisse Rice Producers' Farmers' Union (UCAMA) believes it will surpass last season's production, paving the way for a sustained growth cycle, still conditioned by access to credit, mechanisation and agricultural inputs.
In the last campaign, UCAMA produced only 640 tonnes of rice — a modest figure compared to the organisation's installed capacity, estimated at over 3,500 tonnes per season.
According to UCAMA's president, José João Jojó, the gap between potential and reality does not stem from a lack of labour or arable land, but rather from the absence of structural means to produce at scale.
"We have labour. What we lack is support to grow," he summarised.
The main challenge, according to the leader, continues to be financing. Despite recurring rhetoric about boosting national rice production, farmers feel that agricultural credit still does not reach the field.
Commercial banks' collateral requirements have driven away many organised farmers, limiting investment capacity in technology and inputs.
"We don't want money for consumption. We want the means to produce," Jojó insisted.

From Subsistence to Mechanised Production

The dream of Mafambisse's producers is clear: to move away from subsistence farming and advance towards a mechanised model capable of significantly increasing productivity.
Currently, average yields are around two tonnes per hectare, but farmers believe that with technical support and adequate inputs it is possible to double or even triple this output, reaching four to five tonnes per hectare.
This productivity leap is seen as the key to achieving the 3,500-tonne target per campaign, consolidating Mafambisse as one of the country's main rice hubs and reducing dependence on imports.
While structured financing has yet to arrive, the current campaign shows encouraging signs.
The cleaning of irrigation canals, improved access to water, and availability of agricultural inputs have created more favourable conditions for cultivation.
The Government and its partners are covering around 70% of input acquisition costs — support considered decisive for the gradual recovery of production.
Without setting numerical targets, producers prefer a cautious but confident approach.
Their priority, they say, is to produce more and better, consolidate capacities, and prove that with the right support, national rice can reclaim the place it deserves on Mozambican tables.

JOSÉ JOÃO JOJÓ - President of UCAMA

Moz Store Seed loses commercial Seed licence

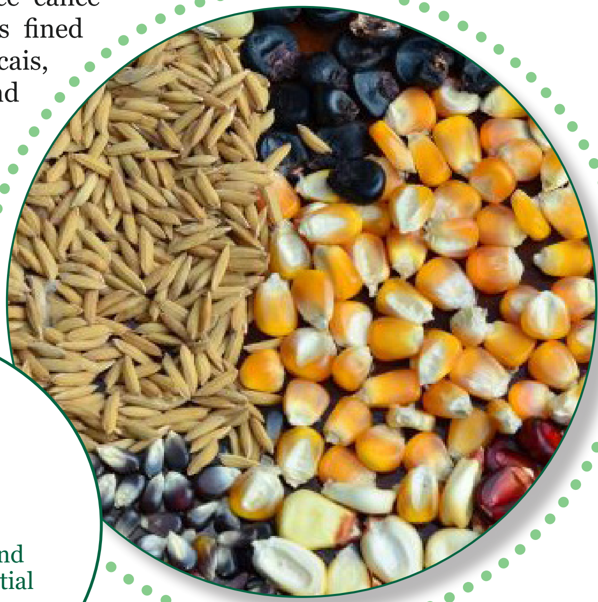
A Empresa é a primeira vítima de uma guerra já declarada contra sementes contrafeitas.

The Ministry of Agriculture, Environment and Fisheries (MAAP), through the National Directorate of Plant Health and Biosafety (DINASAB), has revorked, with immediate effect, the operating licence of Moz Store Seed in the seed sector, due to repeated violations of the Seed Regulation.

According to a statement received by our newsroom, the decision resulted from inspection actions carried out by DINASAB, as the National Seed Authority, which detected serious irregularities in the company's operations in Manica Province.

Among the offences identified were false reporting and misleading advertising, falsification of variety names, and the marketing of national or imported seeds without official certification.

In addition to the licence cancellation, the company was fined a total of 3,922,608 meticais, due to repeat offences and failure to voluntarily pay the initial penalties.



Fines

3.922...MT

due to repeat offenses and non-payment of the initial penalties.

Government plans agricultural machinery recovery programme

The Ministry of Agriculture, Environment and Fisheries (MAAP) plans to launch, in the coming months, a national programme to recover the country's existing agricultural machinery fleet.

According to the minister responsible, Roberto Mito Albino, who recently spoke during a meeting with sector officials, "there are many tractors idle nationwide," and before advancing with new equipment acquisition projects, it is necessary to conduct an inventory and diagnosis of the current state of existing machinery.

To this end, the minister instructed that by the end of February all districts submit detailed data on their machinery fleets, including brand information.

Once the survey is completed, the Government plans to draft the national recovery programme in March, with the participation of representatives of the involved brands.

It should be noted that over the last five-year period, the Government acquired hundreds of tractors under the Sustenta programme. However, according to information gathered from some beneficiaries, part of this machinery had a very limited operational lifespan.

BANKING: STILL FAR FROM AGRICULTURE

- With interest rates that deter producers and investors, the Minister of Agriculture, Environment and Fisheries, Roberto Mito Albino, was blunt: under current costs, “only cannabis can cope.”

- Between development rhetoric and the reality of credit, where does the banking sector stand?

- Revista Terra spoke with Mozabanco, one of the country’s five largest banks, in an exclusive interview.exclusiva.

Revista Terra: Why do interest rates on agricultural credit remain above 20%, even though agriculture is a priority sector for the country's development?

The general perception in society is that interest rates in the country are high, regardless of the sector of activity. Agriculture is no exception to this perception, which in this case is amplified precisely because the sector is considered a priority in the country's development process.

C It is as if we were saying that the high cost of financing limits investment in the sector, discourages the adoption of advanced technology, creates unemployment, among other effects.

In other words, low financing costs are seen as a panacea for increasing productivity in agriculture. But the fundamental question is: how high is the interest rate actually applied to agricultural financing? Is it truly high, or does it reflect the balance between supply and demand? For example, would a 12% interest rate be the desired "low" rate for agriculture? And why not 9% instead of 12%?

To answer this question, it is necessary to understand how interest rates are formed, by analysing a set of variables, including the current national and international economic environment, public debt behaviour (fiscal policy), monetary policy, political risk, climate risk, among others.

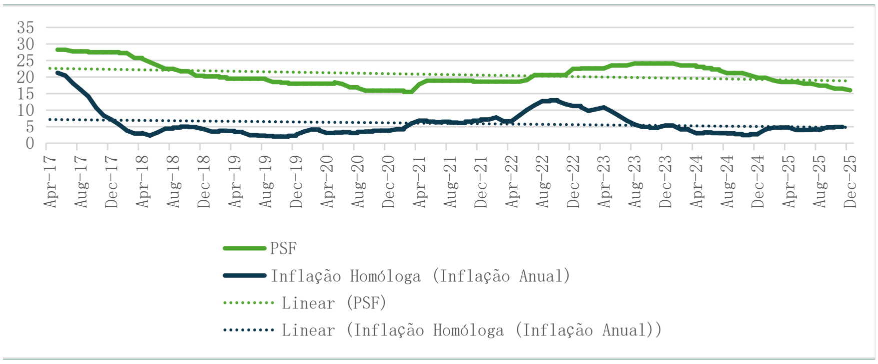
From a monetary policy perspective, one example is the mandatory reserve requirement imposed by the Bank of Mozambique. These reserves determine how much money commercial banks must hold relative to customer deposits, helping to manage money supply and, consequently, influence interest rates. Lower reserve requirements generally promote more lending and lower interest rates. Currently, reserve requirements stand at 29%, although they were as low as 10.5% between September 2021 and January 2023.

Another key variable affecting interest rates is inflation. When inflation rises, interest rates typically increase to curb consumption and slow the economy. In Mozambique's current context, this has not been the case, as the Prime Rate of the Financial System has been declining, while inflation remains controlled at single-digit levels and on a downward trend.

Chart 1 below clearly illustrates this dynamic and may help explain the widespread belief that interest rates for agriculture should be lower.

DANILO ABDULA - Agricultural economist/MOZABANCO

Chart 1. Trend of the Financial System Prime Rate (PRSF) and Inflation

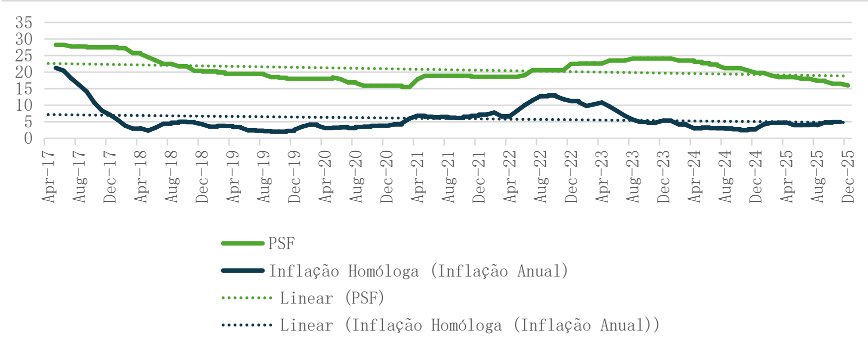


Source: Agri Database – MOZA BANCO. Compiled by DCBI

The generally low productivity in the sector, compared to the country's edaphoclimatic potential, is often associated with high interest rates.

The Prime Rate has indeed shown a downward trend (currently 15.8%), as has inflation (year-on-year 4.83% in October 2025). Despite this, there is a general perception that the decline in these indicators has not translated into lower interest rates applied by commercial banks, particularly in agriculture—presumably due to negative spreads. This perception may explain the trend observed in overall financing to the sector (Chart 2).

Chart 2. Trend of Credit to the Economy – Agriculture Sector



Source: Agri Database – MOZA BANCO, based on official Bank of Mozambique data. Compiled by DCBI

Although credit to agriculture has declined over the years, it would be incorrect to assume—without deeper analysis—that this decline is solely due to the interest rates charged by commercial banks.

Public debt, which stood at 82.4% of GDP in 2024, also affects financing costs. High levels of public indebtedness alert investors, who then demand more attractive rates to invest in government securities. These higher yields influence the cost of financing, as commercial banks use government securities as benchmarks when setting interest rates for the economy, including agriculture.

Other variables also help explain agricultural interest rates. Three deserve particular attention. First is climate risk. Due to its geographic location, Mozambique is highly vulnerable to climate-related risks. Changes in rainfall patterns, frequent droughts, floods, and extreme cyclones disrupt production processes and constrain cash flows in agricultural enterprises. As a result, banks show limited appetite for financing the sector and tend to apply higher interest rates to compensate for default risk following extreme climate events.

The second variable relates to international conditions. Mozambique is a price taker for major agricultural commodities, and international market instability—such as trade conflicts or tariffs imposed by major economies—affects investor confidence and export prices, increasing perceived risk and potentially leading banks to charge higher interest rates.

The third variable concerns post-default recovery. Credit recovery is often slow due to judicial bureaucracy. Even when banks obtain collateral, they face the additional challenge of weak secondary markets for selling pledged assets. These factors are taken into account when determining final interest rates.

In summary, Chart 2 reflects the broader reality: given the current economic and financial context, the inherent risks in agriculture, lack of adequate collateral and secondary markets, commercial banks are more inclined to invest available funds in government securities offering higher returns rather than financing agriculture at lower rates—regardless of the sector's priority status.

Finally, it is not enough to simply state that interest rates are high. Expanding financing through low interest rates alone will not significantly boost productivity and profitability in agriculture. The problem must be addressed holistically, including the widespread administrative and structural bottlenecks across the country.

What makes agricultural credit expensive: risk, operational costs, or lack of collateral?

It is a combination of factors, some already mentioned. Others include the lack of a more commercialised agricultural sector, producers' distance from markets, and weak rural infrastructure, all of which increase financing costs.

These challenges affect small-scale operations most severely, which account for about 99% of agricultural activities in the country. Small producers often lack sufficient or easily executable collateral. Their operations are dispersed, lack scale, do not meet downstream industry standards, and are not linked to off-takers through contracts.

For example, financing sugarcane producers is easier when they are contractually linked to sugar mills. In such cases, tripartite agreements allow loan repayments to be deducted directly from payments made by the mill to the producer, reducing risk and enabling lower interest rates.

The absence of agricultural insurance also plays a role. Although such products exist, they are often considered expensive and inaccessible, particularly for small producers.

Is agricultural credit riskier than urban commercial credit? Why?

Agriculture is exposed to multiple risks: erratic rainfall, climate shocks, commodity price volatility, weak infrastructure, and poor market access. These factors combine to portray the sector as uncertain and risky.

However, viewing agriculture solely through this lens is dangerous. Many sectors of the economy are interconnected, and neglecting agricultural financing can stagnate downstream industries, increasing reliance on imports.

Agricultural risk should therefore be seen not as an insurmountable barrier, but as something that can be managed and mitigated. Risk mitigation instruments—such as blended finance and digital finance—play a key role in transforming agriculture into an investment opportunity.

Blended finance combines resources from commercial banks, the private sector, and public or development partners. Guarantee schemes, interest subsidies, and risk-sharing mechanisms reduce banks' expo-

sure. Digital finance platforms provide real-time data on climate and market prices, while mobile applications help build alternative credit profiles for farmers, even without traditional collateral.
Strengthening agricultural value chains is also essential. Many risks arise after production. Improved storage, transport, processing infrastructure, and market information systems make value chains more predictable and stable, enabling banks to better assess risk and return.

With the Government repositioning agriculture as a business, is there room for single-digit interest rates without undermining bank viability?
Commercial banks have not stopped financing agriculture. However, expecting single-digit interest rates funded entirely by banks' own resources under current conditions is unlikely.
There is room, however, through hybrid financing models such as blended finance. Existing models include 40%-40%-20% schemes (bank–government–beneficiary) or 75%-25% arrangements, where government support significantly reduces risk, allowing subsidised interest rates.
In some cases, single-digit rates are achieved through donor-funded facilities fully administered by banks. Banks may also mobilise external resources dedicated to agriculture, potentially enabling lower rates for final beneficiaries.

What concrete measures could facilitate access to rural credit — public guarantees, guarantee funds, interest rate subsidies?
In our view, an interest rate — for instance, at the level of inflation (single digit), which is often promoted as desirable — would only be feasible through concessional financing lines managed off-balance-sheet by commercial banks. Even these concessional lines, if not accompanied by guarantee mechanisms, tend to be inefficient.
Therefore, the right approach lies in a combination of concessional financing lines, guarantee facilities, and technical assistance programs.

Are banks willing to develop financial products specifically for small and medium-scale agriculture?
We believe that, in general, commercial banks have developed financial products tailored to the agricultural sector, though not exclusively for small and medium-scale agriculture.
We have also observed that commercial banks are not only creating such financial products but are also investing in specialized departments or teams dedicated to the agricultural sector. There is, therefore, a clear commitment from commercial banks to finance agriculture.
We further believe that the more initiatives there are to promote agricultural financing — whether through concessional credit lines or other mechanisms — the greater the willingness of commercial banks to engage with the sector.

Specifically, what does Moza offer in this segment? How has the uptake of these packages been (where applicable)?
It is important to first note that MOZA has a dedicated team focused on the agricultural sector. Secondly, MOZA finances agriculture across all stages of the value chain, from the provision of inputs to primary production, processing, transportation, and commercialization. Thirdly, MOZA finances a wide range of value chains, including poultry, fruits and nuts, domestic trade and exports, among others.
While most of this financing is provided using the bank's own funds, MOZA also finances the sector through concessional credit lines. In this context, the bank manages donor-funded concessional lines, externally contracted financing facilities, guarantee lines that cover a defined percentage of default risk, and financing lines with interest rate subsidies.
In fact, financing provided under these concessional lines has yielded encouraging results. There are examples of micro-enterprises that have grown into small enterprises, as well as small enterprises that have scaled into medium-sized businesses thanks to financing obtained through these facilities.

Strengthening agricultural value chains is also essential. Many risks arise after production.

ROTUNDA
PLANT HIRE

Nossos Serviços na Área de Construção

Oferecemos uma vasta gama de serviços desde:
Venda e aluguer de equipamentos para obras de engenharia, como a construção de estradas;
Procurement e execução de obras.

Contacto

+72 (82) 966 1652
+27 (83) 577 6398
sales@rotundaplanthire.co.za

Litchie Road, Vintonia,
Nelspruit, Mpumalanga RSA

http://www.rotundaplanthire.co.za

Government centralizes rice and wheat imports to curb foreign currency drain

The Mozambican Government has granted the Institute of Cereals of Mozambique (ICM) exclusive rights to import rice and wheat, a measure aimed at reducing illegal foreign currency outflows.

The decision is set out in a resolution of the Ministry of Economy dated 31 December 2025, and comes into force in February for rice and in May for wheat.

According to the document, the measure seeks to establish a transparent import mechanism, ensure domestic price stability, secure national supply, encourage local production, and strengthen State authority over the management of strategic goods.

The decree also establishes that import mechanisms and operational procedures will be approved by the minister overseeing External Trade, and must align with economic policy and the interests of the State.

The decision has been criticised by the Confederation of Economic Associations of Mozambique (CTA), which argues that the government is acting simultaneously as "player and referee."

It should be noted that rice is currently the most consumed food by Mozambican households, and its import represents one of the largest burdens on the trade balance.

Data from the Bank of Mozambique indicate that in the first quarter of last year alone, the country spent USD 63.1 million on rice imports.

Institutional Profile

REVISTA TERRA is a Mozambican publication specializing in the agrarian and environmental sectors. It is owned by Terra Media, Consultoria e Serviços, Sociedade Unipessoal Limitada, headquartered in the city of Maputo.

Mission
To contribute to strengthening informed public debate on agriculture, environment and sustainable development in Mozambique, through rigorous, independent multimedianjournalistic content committed to the public interest.

Vision
To be a national and regional reference in specialized journalism in the agrarian and environmental sectors, recognized for editorial quality, innovation in digital and audiovisual formats, credibility of information and contribution to sustainable and inclusive public policies.

Values

Revista Terra is guided by the following core values:

- Editorial independence
- Rigor, credibility and verification of information
- Ethics and professional responsibility
- Commitment to sustainable development
- Innovation in communication and journalistic formats
- Respect for diversity of opinions and democratic pluralism